

DIVISION E--INFORMATION TECHNOLOGY MANAGEMENT REFORM

LEGISLATIVE PROVISIONS

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Overview

The Senate amendment contained provisions with government-wide acquisition and management issues related to information technology. The House bill also contained provisions relating to bid protest jurisdictions. The conferees considered all of these provisions before agreeing to include Division E in the conference agreement.

The conferees agree that:

- (1) federal information systems are critical to the lives of every American;
- (2) the efficiency and effectiveness of the federal government is dependent upon the effective use of information;
- (3) the federal government annually spends billions of dollars operating obsolete information systems;
- (4) the use of obsolete information systems severely limits the quality of the services that the federal government provides, the efficiency of federal government operations, and the capabilities of the federal government to account for how taxpayer dollars are spent;
- (5) the failure to modernize federal government information systems and the operations they support, despite efforts to do so, has resulted in the waste of billions of dollars that cannot be recovered;
- (6) despite improvements achieved through implementation of the Chief Financial Officers Act of 1990, most federal agencies cannot track the expenditures of Federal dollars and, thus, expose the taxpayers to billions of dollars in waste, fraud, abuse, and mismanagement;
- (7) poor planning and program management and an overburdened acquisition process have resulted in the American taxpayers not getting their money's worth from the expenditure of \$200,000,000,000 on information systems during the decade preceding the enactment of this Act;
- (8) the federal government's investment control processes focus too late in the system lifecycle, lack sound capital planning, and pay inadequate attention to business process improvement, performance measurement, project milestones, or benchmarks against comparable organizations;

(9) many federal agencies lack adequate personnel with the basic skills necessary to effectively and efficiently use information technology and other information resources in support of agency programs and missions;

(10) federal regulations governing information technology acquisitions are outdated, focus on paperwork and process rather than results, and prevent the federal government from taking timely advantage of the rapid advances taking place in the competitive and fast changing global information technology industry;

(11) buying, leasing, or developing information systems should be a top priority for federal agency management because of the high potential for the systems to substantially improve Federal Government operations, including the delivery of services to the public; and,

(12) structural changes in the federal government, including elimination of the Brooks Act (section 111 of the Federal Property and Administrative Services Act of 1949, as amended), are necessary in order to improve federal information management and to facilitate federal government acquisition of the state-of-the-art information technology that is critical for improving the efficiency and effectiveness of federal government operations.

The conferees agree that action is necessary on the part of Congress in order to:

(1) create incentives for the federal government to strategically use information technology in order to achieve efficient and effective operations of the federal government, and to provide cost effective and efficient delivery of federal government services to the taxpayers;

(2) provide for the cost effective and timely acquisition, management, and use of effective information technology solutions;

(3) transform the process-oriented procurement system of the federal government, as it relates to the acquisition of information technology, into a results-oriented procurement system;

(4) increase the responsibility and authority of officials of the Office of Management and Budget and other federal government agencies, and the accountability of such officials to Congress and the public, in the use of information technology and other information resources in support of agency missions;

(5) ensure that federal government agencies are responsible and accountable for achieving service delivery levels and project management performance comparable to the best in the private sector;

(6) promote the development and operation of multiple-agency and government-wide, inter-operable, shared information resources to support the performance of federal government missions;

(7) reduce fraud, waste, abuse, and errors resulting from a lack of, or poor implementation of, federal government information systems;

(8) increase the capability of the federal government to restructure and improve processes before applying information technology; capital planning and process improvement before applying information technology to the executing of plans and the performance of agency missions;

(9) increase the emphasis placed by federal government agency managers on completing effective capital planning and process improvement before applying information technology to the executing of plans and the performance of agency missions;

(10) coordinate, integrate, and, to the extent practicable, establish uniform federal information resources management policies and practices in order to improve the productivity, efficiency, and effectiveness of federal government programs and the delivery of services to the public;

(11) strengthen the partnership between the federal government and state, local, and tribal governments for achieving federal government missions, goals, and objectives;

(12) provide for the development of a well-trained core of professional federal government information resources managers; and,

(13) improve the ability of agencies to share expertise and best practices and coordinate the development of common application systems and infrastructure.

The following is a section-by-section description of the provisions adopted by the conferees. Section 5001 sets forth a short title 'The Information Technology Management Reform Act of 1996' and Section 5002 sets forth definitions.

TITLE LI--RESPONSIBILITY FOR ACQUISITION OF INFORMATION TECHNOLOGY

Subtitle A--General Authority

Repeal of central authority of the Administrator of General Services (sec. 5101)

The conference agreement includes a provision that would repeal section 111 of the Federal Property and Administrative Services Act of 1949, as amended.

Subtitle B--Director of the Office of Management and Budget

Responsibility of Director (sec. 5111)

The conference agreement includes a provision that would require the Director of the Office of Management and Budget to comply with this title. The conferees anticipate that these provisions will be reviewed upon reauthorization of the Paperwork Reduction Act prior to September 30, 2001.

The conferees agree that in undertaking activities and issuing guidance in accordance with this subtitle, the Director shall promote the integration of information technology

management with the broader information resource management processes in the agencies.

The conferees encourage the establishment of interagency groups to support the Director by examining areas of information technology, to include: telecommunications, software engineering, common administrative and programmatic applications, computer security and information policy, all of which would benefit from a government-wide or multi-agency perspective; the promotion of cooperation among agencies in information technology matters; the review of major or high risk information technology acquisitions; and the promotion of the efficient use of information technology that supports agency missions. The interagency groups should: identify common goals and requirements; develop a coordinated approach to meeting certain agency requirements, such as budget estimates and procurement programs; identify opportunities to share information that would improve the agency performance and reduce costs of agency programs; make recommendations regarding protocols and other standards for information technology, including security standards; and make recommendations concerning interoperability among agency information systems. The conferees also encourage the establishment of temporary special advisory groups, composed of experts from industry, academia, and the Federal Government, to review government-wide information technology programs, major or high risk information technology acquisitions, and information technology policy.

Capital planning and investment control (sec. 5112)

The conference agreement includes a provision that would describe the Director's responsibilities under 44 USC 3504(h) that relate to promoting and sustaining responsibility and accountability for improvement of the acquisition, use, and disposal of information technology by executive agencies.

The conferees agree that the Director, in developing a process related to major agency capital investments, should: ensure that the process identifies opportunities for interagency cooperation; ensure the success of high risk and high return investments; develop requirements for agency submission of investment information needed to execute the process; ensure that agency information resources management plans are integrated into the agency's program plans, financial management plans, and budgets for the acquisition and use of information technology designed to improve agency performance and the accomplishment of agency missions; and identify three categories of information systems investments--(1) high risk--those projects that, by virtue of their size, complexity, use of innovative technology, or other factors, have an especially high risk of failure; (2) high return--those projects that by virtue of their total potential benefits, in proportion to their costs, have particularly unique value to the public; and (3) crosscutting--those projects of individual agencies, with shared benefit to or impact on other federal agencies and state or local governments, that require enforcement of operational standards or elimination of redundancies. Finally, the conferees also agree that the Director, to encourage the use of best business and administrative practices, should identify and collect information regarding best practices, to include information on the development and implementation of best practices by the executive agencies. The Director should provide the executive agencies with information on best practices, and advice and assistance regarding the use of best practices.

Performance-based and results-based management (sec. 5113)

The conference agreement includes a provision that would require the Director to encourage performance and results-based management for agency information technology programs. The Director is required to review agency management practices based on the performance and results of its information technology programs and investments. The Director is required to issue clear and concise directions to ensure that agencies have effective and efficient capital planning processes that are used to select, control, and evaluate the results of major information systems investments and to ensure that agency information security is adequate.

The conferees agree that the Director's direction to agencies regarding performance and results-based management of information technology resources shall contain the following: (1) that each executive agency and its major subcomponents institute effective and efficient capital planning processes for selecting, controlling, and evaluating the results of all of its major information systems investments; (2) that the agency maintain a current and adequate information resources management plan, and to the maximum extent practicable, specifically identify the method for acquisition of information technology expected to improve agency operations, and otherwise benefit the agency; (3) that the agency provide for adequate integration of the agency's information resources management plans, strategic plans prepared pursuant to 5 U.S.C. 306, performance plans prepared pursuant to 31 U.S.C. 1115, financial management plans prepared pursuant to 31 U.S.C. 902(a)(5), and the agency budgets for the acquisition and use of information technology and other information resources. In addition, the conferees agree that OMB shall provide the needed oversight, through the budget process and other means, to ensure that executive agencies assume responsibility, and effectively implement suitable performance and results-based management practices.

Subtitle C--Executive Agencies

Responsibilities (sec. 5121)

The conference agreement includes a provision that would require the head of each executive agency to comply with this subtitle. The conferees anticipate that these provisions will be reviewed upon reauthorization of the Paperwork Reduction Act prior to September 30, 2001.

The conferees encourage the establishment and support of independent technical review committees, composed of diverse agency personnel (including users) and outside experts selected by the agency head, to advise an agency head about information systems programs.

Capital planning and investment control (sec. 5122)

The conference agreement includes a provision that would require agencies to develop a process for furthering their responsibilities under 44 U.S.C. 3506(h). The head of the agency is required to design and develop a process for maximizing the value and assessing and managing the risk of the agency's information technology acquisitions.

Performance and results-based management (sec. 5123)

The conference agreement includes a provision that would require agencies to establish goals for and report on the progress of improving efficiency and effectiveness of agency operations through use of information technology, as required by 44 U.S.C. 3506(h). The head of an executive agency must ensure that performance measures are established to support evaluating the results and benefits of information technology investments.

The conferees agree that, in fulfilling the responsibilities under this section, agency heads should ensure that: (1) before investing in information technology to support a function, the agency determines whether that function should be performed in the private sector or by an agency of the federal government; (2) the agency adequately provides for the integration of the agency's information resources management plans, strategic plans prepared pursuant to 5 U.S.C. 306, performance plans prepared pursuant to 31 U.S.C. 1115, financial management plans prepared pursuant to 31 U.S.C. 902(a)(5), and adequately prepares budgets for the acquisition and use of information technology; (3) the agency maintains a current and adequate information resources management plan, and to the maximum extent practicable, specifically identifies how acquired information technology would improve agency operations and otherwise benefit the agency; and (4) the agency invests in efficient and effective interagency and government-wide information technology to improve the accomplishment of common agency missions or functions.

Acquisitions of information technology (sec. 5124)

The conference agreement includes a provision that would authorize the head of an executive agency to acquire information technology and, upon approval of the Director of OMB, enter into multi-agency information technology investments. The conferees intend that the requirements and limitations of the Economy Act, and other provisions of law, apply to these multi-agency acquisitions. This section also authorizes the General Services Administration (GSA) to continue the management of the FTS-2000 program and coordinate the follow-on effort to FTS-2000.

Agency chief information officer (sec. 5125)

The conference agreement includes a provision that would amend the Paperwork Reduction Act of 1995 by replacing the 'senior information resources management official position' established within each executive agency with an agency Chief Information Officer (CIO). The agency CIO is responsible for providing information and advice regarding information technology and information resources management to the head of the agency, and for ensuring that the management and acquisition of agency information technology is implemented consistent with the provisions of this law. The conferees anticipate that agencies may establish CIOs for major subcomponents or bureaus, and expect agency CIOs will possess knowledge of, and practical experience in, information and information technology management practices of business or government entities. The conferees also intend that deputy chief information officers be appointed by agency heads that have additional experience in business process analysis, software and information systems development, design and management of information

technology architectures, data and telecommunications management at government or business entities. The conferees intend that CIOs, in agencies other than those listed in 31 U.S.C. 901(b), perform essentially the same duties as CIOs in agencies listed in 31 U.S.C. 901(b). The conferees expect that an agency's CIO will meet periodically with other appropriate agency officials to advise and coordinate the information technology and other information resources management activities of the various agencies.

Accountability (sec. 5126)

The conference agreement includes a provision that would require the head of each agency, in consultation with agency Chief Information Officers and Chief Financial Officers, to ensure the integration of financial and information systems. The conferees intend that the information resources management plan, required under 44 U.S.C. 3506(b)(2), support the performance of agency missions through the application of information technology and other information resources, and include the following: (1) a statement of goals to improve the extent to which information resources contribute to program productivity, efficiency, and effectiveness; (2) the development of methods to measure progress toward achieving the goals; (3) the establishment of clear roles, responsibilities, and accountability to achieve the goals; (4) a description of an agency's major existing and planned information technology components (such as information systems and telecommunications networks); (5) the relationship among the information technology components, and the information architecture; and (6) a summary of the project's status and any changes in name, direction or scope, quantifiable results achieved, and current maintenance expenditures for each ongoing or completed major information systems investment from the previous year. The conferees also intend that agency heads will periodically evaluate and improve the accuracy, security, completeness, and reliability of information maintained by or for the agency.

Significant deviations (sec. 5127)

The conference agreement includes a provision that would require agencies to identify in their information resources management plans any major information technology acquisition program, or phase or increment of such program, that has significantly deviated from the established cost, performance, or schedule baseline.

Interagency support (sec. 5128)

The conference agreement includes a provision that would authorize the utilization of funds for interagency activities in support of the Information Technology Reform Act.

Subtitle D--Other Responsibilities.

Responsibilities regarding efficiency, security, and privacy of federal computer systems (sec. 5131)

The conference agreement includes a provision that would set forth the authority for the Secretary of Commerce, in consultation with the National Institute of Standards and

Technology, to promulgate standards to improve the operation, security, and privacy of Federal information technology systems.

Sense of Congress (sec. 5132)

The conference agreement includes a provision stating that agencies, over the next five years, should achieve a five percent per year decrease in costs incurred for operation and maintenance of information technology, and a five percent increase in operational efficiency through improvements in information resources management.

Subtitle E--National Security Systems

The conference agreement includes a provision that would exclude national security systems from provisions of this Act, unless otherwise provided in this Act.

TITLE LII--PROCESS FOR ACQUISITIONS OF INFORMATION TECHNOLOGY

Procurement procedures (sec. 5201)

The conference agreement includes a provision that would direct the Federal Acquisition Regulatory Council to ensure, to the maximum extent practicable, that the information technology process is simplified, clear, and understandable. The process should specifically address the management of risk, incremental acquisitions, and the need to incorporate commercial information technology in a timely manner.

The conferees agree that, in performing oversight of information technology acquisitions, the Director of the Office of Management and Budget, agency heads, and agency inspectors general should emphasize program results and established performance measurements, rather than reviews of the acquisition process.

Incremental acquisition of information technology (sec. 5202)

The conference agreement includes a provision that would provide for procedures in the Federal Acquisition Regulations for the incremental acquisition of major information technology systems by the Department of Defense and the civilian executive agencies.

TITLE LIII--INFORMATION TECHNOLOGY ACQUISITION PILOT PROGRAMS

Subtitle A--Conduct of Pilot Programs

The conference agreement includes provisions that would authorize the Administrator of Office of Federal Procurement Policy, in consultation with the Administrator of Office of Information and Regulatory Affairs, to: conduct pilot programs to test alternative acquisition approaches for information technology; conduct no more than two pilots, not to exceed \$750 million for a period not to exceed five years; require agency heads to develop evaluation and test plans; prepare and submit test plans to Congress prior to

implementation; report on results within 180 days after completion; and make recommendations for legislation.

Subtitle B--Specific Pilot Programs

The conference agreement includes provisions that would provide for two specific pilot programs, the share-in-savings pilot program and the solutions-based contracting pilot program.

TITLE LIV--ADDITIONAL INFORMATION RESOURCES MANAGEMENT MATTERS

On-line multiple award schedule contracting (sec. 5401)

The conference agreement includes a provision that would require the Administrator of General Services to provide for on-line access to multiple award schedules for information technology. The system would provide basic information on prices, features, and similar matters, allow for information updates, enable comparison of product information, enable on-line ordering and invoicing, permit on-line payment, and archive order data. The provision would also authorize a pilot program to test streamlined procedures for the automated system. The conference agreement directs the Administrator of General Services to incorporate its information technology multiple award schedules into Federal Acquisition Computer Network (FACNET) by January 1, 1998, and would make the pilot program discretionary. The conferees agree that the procedures established by the Administrator for use of FACNET be consistent with the Federal Property and Administrative Services Act requirements regarding the multiple award schedule (41 U.S.C. 259(B)(3)). If the Administrator determines it is not practicable to provide such access through FACNET, the Administrator shall provide such access through another automated system that has the capability to perform the functions listed in subsection 259(b)(1) and meets the requirement of subsection 259(b)(2).

Disposal of excess computer equipment (sec. 5402)

The conference agreement includes a provision that would require agencies to inventory all agency computer equipment and to identify excess or surplus property. The conferees direct that the Administrator of General Services, in exercising current authority under title II of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481 et seq.), donate federal surplus personal property to public organizations. The conferees direct the Administrator to prescribe regulations that establish a priority for the donation of surplus computer equipment in the following sequence: (1) elementary and secondary schools, and schools funded by the Bureau of Indian Affairs; (2) public libraries; (3) public colleges and universities; and (4) other entities eligible for donation of federal surplus personal property under title II of that Act.

Access of certain information in information systems to the directory established under section 4101 of title 44, United States Code (sec. 5403)

The conference agreement includes a provision that would ensure that, for agency information systems that disseminate information to the public, an index of information is included in the Government Printing Office (GPO) directory established under 44 U.S.C. 4101.

In 1993, Congress directed the GPO to create an online directory, of federal public information in electronic form (Public Law 103-40). Today, that system is accessible to the general public directly and through the Federal Depository Libraries. Yet, in the two years since enactment of the GPO access bill, technology has moved forward dramatically in its ability to support location and search of the physically-distributed, locally-maintained databases. Congress recognized this shift in the Paperwork Reduction Act of 1995 (Public Law 104-13). That Act requires Federal agencies to ensure access to agency public information by 'encouraging a diversity of public and private sources'. It also directs the Office of Management and Budget to establish a distributed, electronic, agency-based Government Information Locator Service (GILS) to identify the major information dissemination products of each agency. As the Senate report noted (S. Rept. 104-112), GILS: '* * * will provide multiple avenues for public access to government information by pointing to specific agency information holdings. To make this possible, agencies' systems must be compatible. Thus, agency GILS information should be available to the public through the Government Printing Office Locator System (established pursuant to Public Law 103-40) in addition to any other required methods, agencies may choose to efficiently and effectively provide public and agency access to GILS.'

Section 5403 further clarifies the intent of Congress to ensure the widest possible access to Federal public information through a diversity of compatible sources.

TITLE LV--PROCUREMENT PROTEST AUTHORITY OF THE COMPTROLLER GENERAL

The conference agreement includes a provision that would require the Comptroller General to issue a decision relating to a bid protest within 100 days.

TITLE LVI--CONFORMING AND CLERICAL AMENDMENTS

The conference agreement includes a series of clarifying and technical changes to acquisition statutes throughout the United States Code.

TITLE LVII--EFFECTIVE DATE, SAVINGS PROVISIONS, AND RULE OF CONSTRUCTION

Effective date (sec. 5701)

The conference agreement includes a provision that would provide for this division and the amendments made by this division to take effect 180 days after the date of the enactment of this Act.

Savings provisions (sec. 5702)

The conference agreement includes a provision that would allow selected information technology actions and acquisition proceedings, including claims or applications, that have been initiated by, or are pending before, Administrator of the General Services or the General Services Administration Board of Contract Appeals to be continued under original terms, until terminated, revoked, or superseded in accordance with law, by the Director of OMB, by a court, or by operation of law. The Director of OMB is authorized to establish regulations for transferring such actions and proceedings.

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